

SANPETE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2004

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sanpete County as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sanpete County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sanpete County as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended and interpreted, as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005, on our consideration of Sanpete County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 14, 39 and 40 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Board of County Commissioners
Sanpete County
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanpete County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Sanpete County. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 27, 2005
Richfield, Utah

SANPETE COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Sanpete County's financial performance provided an overview of the County's financial activities for the year ending December 31, 2004. This report is in conjunction with the County's financial statements.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- * The assets of Sanpete County exceeded its liabilities as of the close of the most recent year by \$13,480 (net assets). Of this amount, \$2,435 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$768. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Sanpete County governmental funds reported combined ending fund balances of \$2,435, an increase of \$509 in comparison with the prior year. Approximately 47 percent of this total amount, \$2,435 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$2,360, or 35 percent of total general fund expenditures.
- * Sanpete County's total debt decreased by \$119 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sanpete County's basic financial statements. Sanpete County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Sanpete County's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of Sanpete County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sanpete County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sanpete County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sanpete County include general government, public safety, public health, highways and public improvements, culture and recreation, and economic development. There are no business-type activities in the financial statements of Sanpete County.

The government-wide financial statements include not only Sanpete County itself (known as the primary government), but also two legally separate special service districts, one for fire protection and one for road improvements. Sanpete County is financially accountable for both of them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sanpete County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sanpete County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sanpete County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, B-Road Fund, E-911 Fund, Municipal Building Authority Fund and Capital Projects Fund all of which are considered to be major funds.

Sanpete County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those fund are *not* available to support Sanpete County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents fro the location of the basic fiduciary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sanpete County.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sanpete County, assets exceeded liabilities by \$11,045 at the close of the most recent fiscal year.

A portion of Sanpete County's net assets (82 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sanpete County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sanpete County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities:**Sanpete County's Net Assets**

	<u>2004</u>
Current and Other Assets	2,564
Capital Assets	<u>11,709</u>
Total Assets	<u>14,273</u>
Long-Term Liabilities	628
Other Liabilities	<u>165</u>
Total Liabilities	<u>793</u>
Net Assets:	
Invested in Capital Assets	
Net of Related Debt	11,045
Unrestricted	<u>2,435</u>
Total Net Assets	<u>13,480</u>

None of Sanpete County's net assets (0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,435) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sanpete county is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities increased Sanpete County's net assets by \$768. Key elements of this increase follows:

Sanpete County's Changes in Net Assets

	<u>2004</u>
Revenues:	
Program Revenues:	
Charges for Services	1,568
Operating Grants and Contributions	1,725
General Revenues:	
Property Taxes	2,328
Other Taxes	1,045
Unrestricted Investment Earnings	11
Grants Not Restricted to Specific Programs.	<u>747</u>
Total Revenues	<u>7,424</u>

Sanpete County's Changes in Net Assets (Continued)

	2004
Expenses:	
General Government	2,519
Public Safety	2,311
Public Health	252
Highways and Public Improvement	1,231
Culture and Recreation	92
Economic Development/County Promotion	217
Interest on Long-Term Debt	34
	<hr/>
Total Expenses	6,656
	<hr/>
Increase in Net Assets Before Transfers	768
	<hr/>
Net Assets - Beginning	12,712
	<hr/>
Net Assets - Ending	13,480

Financial Analysis of the Government's Funds

As noted earlier, Sanpete County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Sanpete County's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing Sanpete County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Sanpete County's governmental funds reported combined ending fund balances of \$2,435, an increase of \$509 in comparison with the prior year. Approximately 100 percent of this amount, \$2,345, constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Sanpete County. At the end of the current year, unreserved fund balance of the general fund was \$2,360, while total fund balance reached \$2,360. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights

During the year the actual revenues were less than budgeted revenues by \$5,411 and actual expenditures were less than budgeted expenditures by \$5,897.

Capital Asset and Debt Administration

Capital Assets

Sanpete County's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$11,709 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and equipment.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Sanpete County's Capital Assets (net of depreciation)

	<u>2003</u>	<u>2004</u>
Land	923	923
Buildings	48	45
Improvements Other Than Buildings	568	525
Equipment	257	403
Vehicles	133	197
Infrastructure	<u>9,616</u>	<u>9,616</u>
Total	<u>11,545</u>	<u>11,709</u>

Additional information on Sanpete County's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, Sanpete County had total bonded debt outstanding of \$562. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Sanpete County's Capital Assets (net of depreciation)

	<u>2003</u>	<u>2004</u>
Capital Leases	86	-
MBA Lease Revenue Bonds	<u>595</u>	<u>562</u>
Total	<u>681</u>	<u>562</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the County. Sanpete County has no general obligation debt outstanding. General Obligation Bonds are debts that are secured by taxing real and personal property for the payments. Revenue bonds are debts secured by a determined and allocated revenue source outside of property taxes. Additional information on Sanpete County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- * The unemployment rate for Sanpete County is 5.0 percent. This is slightly higher than the State's average average unemployment rate of 4.8 percent and lower than the national average rate of 5.4 percent which is consistent with prior years because of our rural nature.

These factors were considered in preparing Sanpete County's budget for 2005 year.

Other revenue sources have remained stable.

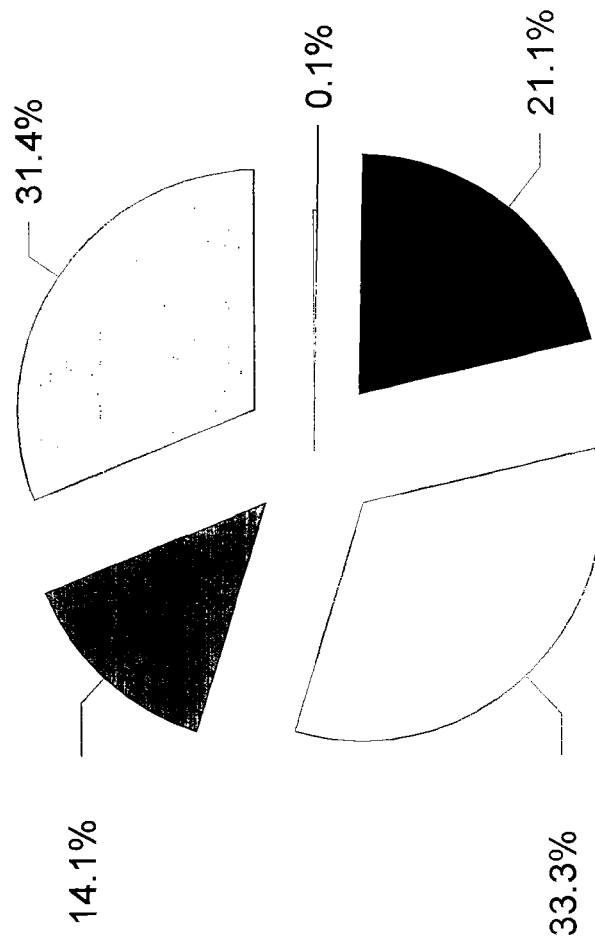
Request for Information

This financial report is designed to provide a general overview of Sanpete County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sanpete County Clerk/Auditor, 160 North Main, Manti, Utah, 84642.

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is used to assist in formatting, for easier reading)

Sanpete County

Government Wide Revenues



Property Taxes

Operating Grants

Interest

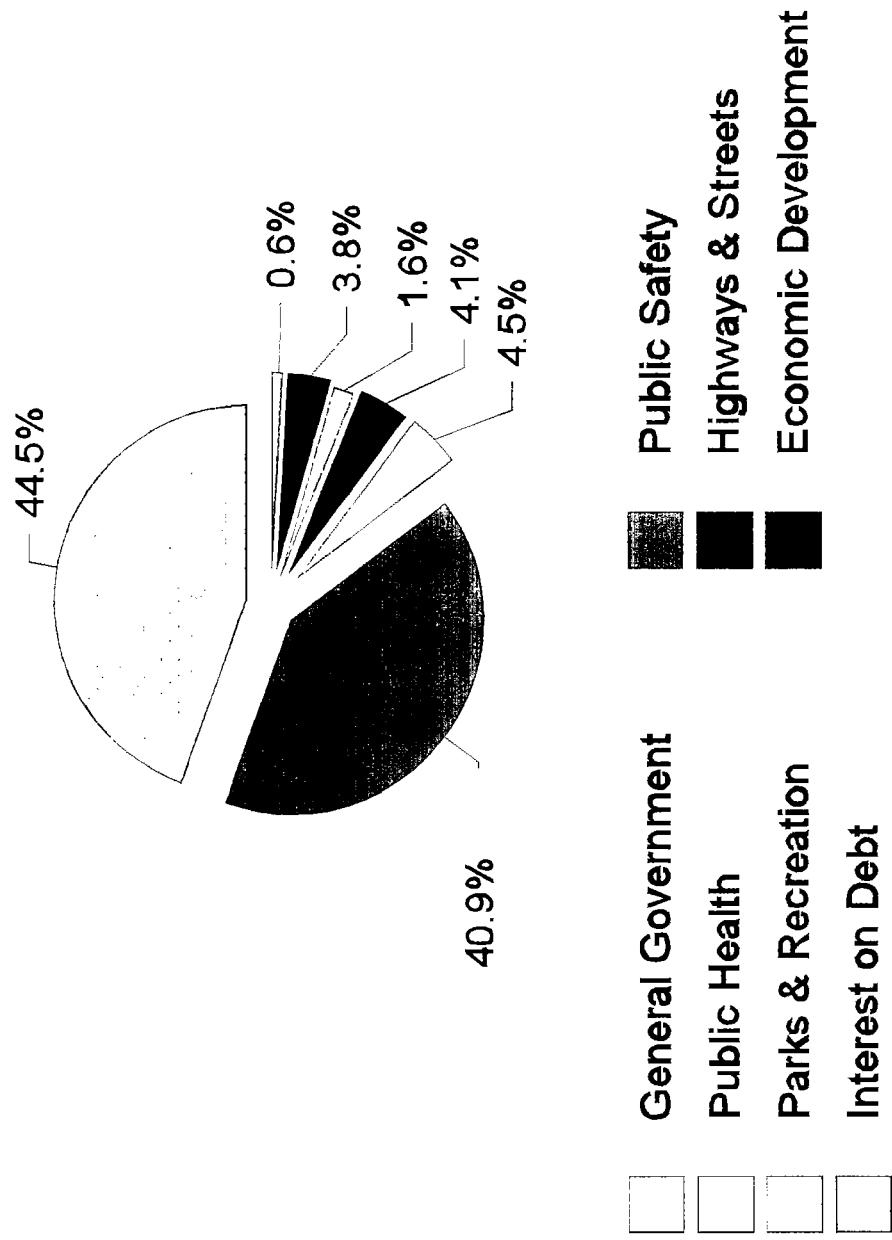


Other Taxes

Charges for Services

Sanpete County

Government Wide Expenditures



BASIC FINANCIAL STATEMENTS

**SANPETE COUNTY
STATEMENT OF NET ASSETS**

December 31, 2004

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	2,319,179	373,715
Accounts Receivable (Net)	57,210	20,252
Due From Other Government Units	<u>187,243</u>	<u>150,331</u>
Total Current Assets	<u>2,563,632</u>	<u>544,298</u>
Noncurrent Assets:		
Capital Assets (Net of Accumulated Depreciation):		
Land	723,294	-
Buildings	44,789	-
Improvements Other Than Buildings	524,554	-
Equipment	403,482	-
Vehicles	196,877	-
Valuable Papers	200,000	-
Infrastructure	<u>9,616,250</u>	<u>-</u>
Total Noncurrent Assets	<u>11,709,246</u>	<u>-</u>
TOTAL ASSETS	<u>14,272,878</u>	<u>544,298</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	110,655	-
Accrued Liabilities	17,841	-
Bond Interest Payable	1,400	-
Revenue Bonds Payable - Due Within One Year	<u>35,000</u>	<u>-</u>
Total Current Liabilities	<u>164,896</u>	<u>-</u>
Noncurrent Liabilities:		
Revenue Bonds Payable - More Than One Year	527,000	-
Compensated Absences	<u>100,624</u>	<u>-</u>
Total Noncurrent Liabilities	<u>627,624</u>	<u>-</u>
TOTAL LIABILITIES	<u>792,520</u>	<u>-</u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	11,045,222	-
Restricted For:		
Road Projects	-	87,000
Unrestricted	<u>2,435,136</u>	<u>457,298</u>
TOTAL NET ASSETS	<u>13,480,358</u>	<u>544,298</u>
TOTAL LIABILITIES AND NET ASSETS	<u>14,272,878</u>	<u>544,298</u>

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues Changes in Net Assets	
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Governmental Activities	Component Units
Governmental Activities:						
General Government	2,519,589	1,136,304	91,717	-	(1,291,568)	-
Public Safety	2,311,167	432,322	341,560	-	(1,537,285)	-
Public Health	252,087	-	-	-	(252,087)	-
Highways and Public Improvements	1,231,259	-	1,213,971	-	(17,288)	-
Culture and Recreation	92,323	-	-	-	(92,323)	-
Economic Development	216,684	-	77,558	-	(139,126)	-
Interest on Long-Term Debt	34,030	-	-	-	(34,030)	-
Total Primary Government	6,657,139	1,568,626	1,724,806	-	(3,363,707)	-
Component Units:						
Governmental Type:						
Road District	384,217	-	549,051	-	-	164,834
Fire District	81,334	191,094	5,000	-	-	114,760
Total Component Units	465,551	191,094	554,051	-	-	279,594
General Revenues:						
Property Taxes					2,153,949	-
Fee-In-Lieu of Property Taxes					174,389	-
Sales Taxes					926,086	-
Transient Room Tax					38,450	-
Restaurant Tax					80,512	-
Grants and Contributions Not Restricted to Specific Programs					747,169	-
Unrestricted Investment Earnings					11,119	6,416
Total General Revenues and Transfers					4,131,674	6,416
Change in Net Assets					767,967	286,010
Net Assets - Beginning					12,712,391	258,288
Net Assets - Ending					13,480,358	544,298

The notes to the financial statements are an integral part of this statement.

**SANPETE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2004

	General Fund	Class B Roads Fund	Capital Projects Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	2,244,179	-	75,000	2,319,179
Accounts Receivable (Net)	57,210	-	-	57,210
Due From Other Government Units	-	187,243	-	187,243
Due From Other Funds	187,243	-	-	187,243
TOTAL ASSETS	<u>2,488,632</u>	<u>187,243</u>	<u>75,000</u>	<u>2,750,875</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	110,655	-	-	110,655
Accrued Liabilities	17,841	-	-	17,841
Due To Other Funds	-	187,243	-	187,243
Total Liabilities	<u>128,496</u>	<u>187,243</u>	<u>-</u>	<u>315,739</u>
Fund Balances:				
Unreserved, Reported In:				
General Fund	2,360,136	-	-	2,360,136
Capital Projects Funds	-	-	75,000	75,000
Total Fund Balance	<u>2,360,136</u>	<u>-</u>	<u>75,000</u>	<u>2,435,136</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>2,488,632</u>	<u>187,243</u>	<u>75,000</u>	<u>2,750,875</u>

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2004

Total Fund Balances - Governmental Fund Types	2,435,136
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	923,294	
Buildings	44,789	
Improvements	524,554	
Equipment	403,482	
Vehicles	196,877	
Infrastructure	<u>9,616,250</u>	
 Total		 11,709,246

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds:

Revenue Bonds	(562,000)	
Accrued Interest	(1,400)	
Compensated Absences	<u>(100,624)</u>	
 Total		 <u>(664,024)</u>

Net Assets of Government Activities	<u><u>13,480,358</u></u>
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SANPETE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

	General Fund	Class B Roads Fund	E-911 Fund	Municipal Building Authority Fund	Capital Projects Fund	Total Governmental Funds
Revenues:						
Property Tax	1,583,487	-	-	-	75,000	1,658,487
Assessing and Collecting Taxes	495,462	-	-	-	-	495,462
Fee-In-Lieu of Property Tax	174,389	-	-	-	-	174,389
Sales Tax	926,086	-	-	-	-	926,086
Transient Room Tax	38,450	-	-	-	-	38,450
Restaurant Tax	80,512	-	-	-	-	80,512
Licenses and Permits	380,954	-	-	-	-	380,954
Intergovernmental	1,138,004	832,731	120,000	-	-	2,090,735
Charges for Services	1,095,702	-	75,817	-	-	1,171,519
Fines and Forfeitures	294,515	-	-	-	-	294,515
Interest	11,119	-	-	-	-	11,119
Miscellaneous	35,748	-	-	67,130	-	102,878
Total Revenues	6,254,428	832,731	195,817	67,130	75,000	7,425,106
Expenditures:						
Current:						
General Government	2,467,239	-	-	-	-	2,467,239
Public Safety	2,001,461	-	254,272	-	-	2,255,733
Public Health	252,087	-	-	-	-	252,087
Highways and Public Improv.	340,958	832,731	-	-	-	1,173,689
Culture and Recreation	92,323	-	-	-	-	92,323
Economic Development	215,824	-	-	-	-	215,824
Capital Outlay	306,114	-	-	-	-	306,114
Debt Service:						
Principal	86,342	-	-	33,000	-	119,342
Interest	-	-	-	34,130	-	34,130
Total Expenditures	5,762,348	832,731	254,272	67,130	-	6,916,481
Net Change In Fund Balance	492,080	-	(58,455)	-	75,000	508,625
Other Financing Sources (Uses):						
Transfers In (Out)	(6,251)	-	6,251	-	-	-
Fund Balance - Beginning	1,874,307	-	52,204	-	-	1,926,511
Fund Balance - Ending	2,360,136	-	-	-	75,000	2,435,136

The notes to the financial statements are an integral part of this statement.

SANPETE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	508,625
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	306,114	
Depreciation Expense	<u>(141,623)</u>	
Total		164,491

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payment on Long-Term Debt	119,342
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(24,591)	
Reduction of Bond Interest Payable	<u>100</u>	
Total		<u>(24,491)</u>

Changes In Net Assets of Governmental Activities	<u><u>767,967</u></u>
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**SANPETE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2004

ASSETS:

Cash and Investments	<u>121,920</u>
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LIABILITIES:

Collections Payable	<u>121,920</u>
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FIDUCIARY NET ASSETS:

Net Assets	<u>-</u>
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TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u>121,920</u>
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**SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS**

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Sanpete County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of various fund types and the results of operations of the various fund types. The financial statements are presented for the year ended December 31, 2004.

A. Reporting Entity:

For financial reporting purposes, Sanpete County has included all funds. The County has also considered all potential component units for which it is financially accountable and that the exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Sanpete County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Sanpete County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- * Sanpete County Special Service District #1 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a special service district by the Sanpete County Commissioners on December 27, 1988, for the purpose of improving the county road system in Sanpete County. The Special Service District's Administrative Control Board consists of five (5) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial two members to serve two year terms and

**SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the remaining three members to serve four year terms. The Board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. The District was audited by us, and the report was dated May 27, 2005, and has been previously issued under separate cover. A copy of the report can be obtained at the Sanpete County Auditor's office in Manti, Utah.

- * Sanpete County Fire Special Service District (Governmental Fund Type) - The District was created March 3, 1992, by the adoption of a resolution to establish a special service district by the Sanpete County Commissioners for the purpose of acquiring and obtaining fire fighting materials and equipment for the protection of life and property against fire and the elimination of fire hazards. The District's administrative Control Board consists of thirteen (13) members, twelve (12) of which represent the Towns or Cities which belong to the District and one (1) member of the County Commission. The length of terms are decided by the Towns and Cities involved in the District. The District was audited by us, and the report was dated May 27, 2005, and has been previously issued under separate cover. A copy of the report can be obtained at the office of the Sanpete County Auditor in Manti, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wayne County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The E-911 Fund receives monies to maintain and upgrade the E-911 system in the County.

The Municipal Building Authority Fund constructed a building for the Central Utah Mental Health Authority and then leases this building to the Central Utah Mental Health Authority in an amount sufficient to pay the debt service on the building.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by other funds.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally the Government reports the following Fiduciary fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

The District Court Trust Fund which collects fines and bail monies in the District Court and remits the monies to the appropriate agencies and parties to the court actions.

The Justice Court Trust Fund which collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Equipment and Vehicles	5 - 10 Years

Compensated Absences:

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 80 hours of vacation pay to be carried over from year to year.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

G. Property Tax Calendar:

- | | |
|-------------|--|
| January 1 | Lien Date - All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates. |
| November 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| November 1 | County auditor to charge the county treasurer to account for all taxes levied. |
| November 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| November 30 | Taxes on real property become delinquent. |

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except the Deferred Compensation Trust Fund. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The investments of the deferred compensation plan are held separately from those of the other County funds.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

At December 31, 2004, the carrying amount of Sanpete County's deposits for the primary government was \$113,225 and the bank balances were \$116,621. Of the bank balances \$100,000 was covered by federal depository insurance. At December 31, 2004, the carrying amount of the component units deposits was \$4,470 and the bank balances were \$4,530. Of the bank balances, \$4,530 was covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for deposit of public money at individual financial institutions.

Investments:

Statutes authorize the County to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standards & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the state treasurer's investment pool. The County is also authorized to enter into reverse repurchase agreements.

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Investments for the Primary Government at December 31, 2004, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Repurchase Agreements	<u>-</u>	<u>-</u>	<u>3,691,015</u>	3,691,015
Other Items:				
State Treasurer's Investment Pool				<u>360,485</u>
Total Investments				<u>4,051,500</u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Due to significantly higher cash flows at certain times during the year, the County's investment in overnight repurchase agreements for which the underlying securities were held by the dealer increased significantly. As a result, the amounts that were in Category 3 at those times were substantially higher than at year-end.

Cash is recorded in the following funds:

Governmental	2,319,179
Agency Funds	<u>1,845,546</u>
Total	<u><u>4,164,725</u></u>

Investments for the Component Units at December 31, 2004, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Other Items:				
State Treasurer's Investment Pool				<u>369,245</u>
Total Investments				<u><u>369,245</u></u>

The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

NOTE 3 - ACCOUNTS RECEIVABLE

The amounts shown under this caption include revenue received after year end for services provided during 2004.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2004, was as follows:

Capital Assets (Primary Government):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	30,000	-	-	30,000
Land Under Roads	693,294	-	-	693,294
Valuable Papers	200,000	-	-	200,000
Infrastructure	<u>9,616,250</u>	<u>-</u>	<u>-</u>	<u>9,616,250</u>
 Total Capital Assets Not Being Depreciated	 <u>10,539,544</u>	 <u>-</u>	 <u>-</u>	 <u>10,539,544</u>
Capital Assets Being Depreciated:				
Buildings	78,313	-	-	78,313
Improvements	1,316,251	-	-	1,316,251
Equipment	494,586	198,000	-	692,586
Vehicles	<u>193,090</u>	<u>108,114</u>	<u>-</u>	<u>301,204</u>
 Total Capital Assets Being Depreciated	 <u>2,082,240</u>	 <u>306,114</u>	 <u>-</u>	 <u>2,388,354</u>
Less Accumulated Depreciation For:				
Buildings	30,447	3,077	-	33,524
Improvements	747,822	43,875	-	791,697
Equipment	237,541	51,563	-	289,104
Vehicles	<u>61,219</u>	<u>43,108</u>	<u>-</u>	<u>104,327</u>
 Total Accumulated Depreciation	 <u>1,077,029</u>	 <u>141,623</u>	 <u>-</u>	 <u>1,218,652</u>
 Total Capital Assets Being Depreciated (Net)	 <u>1,005,211</u>	 <u>164,491</u>	 <u>-</u>	 <u>1,169,702</u>
 Governmental Activities Capital Assets, Net	 <u><u>11,544,755</u></u>	 <u><u>164,491</u></u>	 <u><u>-</u></u>	 <u><u>11,709,246</u></u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>
General Government	27,759
Public Safety	55,434
Highways and Public Improvements	57,570
Economic Development	<u>860</u>
Total Depreciation Expense	<u><u>141,623</u></u>

NOTE 5 - LONG-TERM DEBT

Primary Government:

The following is a summary of long-term debt of the County for the year ended December 31, 2004:

MBA Lease Revenue Bonds:

During 1997 the Central Utah Mental Health entered into a lease purchase agreement with the Municipal Building Authority of Sanpete County for the purpose of constructing a mental health facility in Ephraim, Utah. The Sanpete County Municipal Building Authority issued bonds in the amount of \$750,000 to finance the construction of the building. Central Utah Mental Health then pays a lease payment in the same amount as the bond payment to Zions Bank who purchased the bonds. The lease agreement calls for interest only payments in June and principal and interest payments in December.

The following is a summary of lease revenue bond payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	35,000	32,200	67,200
2006	37,000	15,078	52,078
2007	39,000	27,990	66,990
2008	35,000	25,708	60,708
2009	37,000	23,712	60,712
2010-2014	217,000	84,588	301,588
2015-2019	<u>162,000</u>	<u>18,810</u>	<u>180,810</u>
	<u><u>562,000</u></u>	<u><u>228,086</u></u>	<u><u>790,086</u></u>

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in long-term debt:

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
MBA Lease Revenue Bond	595,000	-	33,000	562,000
Capital Leases:				
Zions - Auditor Computer	12,241	-	12,241	-
Zions - Pugmill	74,101	-	74,101	-
Total Leases	86,342	-	86,342	-
Total Long-Term Debt	681,342	-	119,342	562,000

NOTE 6 - CLASS B ROADS

Following is a schedule of revenues, expenditures and changes in fund balance for Class B Roads:

Fund Balance - Beginning of Year	-
Revenues:	
Class "B" Road Allotments	832,731
Expenditures	(832,731)
Fund Balance - End of Year	-

NOTE 7 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	6,251
E-911 Fund	6,251	-
	6,251	6,251

Transfers were made for the following purposes:

- * The General Fund transferred \$6,251 to the E-911 Fund to cover additional expenditures.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 8 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime.

The Mutual is reinsured through commercial companies to provide the following coverage:

<u>Comprehensive General Liability</u>	<u>Limit</u>	<u>Term</u>
General Liability	2,250,000 3,000,000	Per Occurrence Aggregate Per Member
Law Enforcement Liability	2,250,000 3,000,000	Per Occurrence Aggregate Per Member
Employee Benefits Liability	2,250,000 3,000,000	Per Occurrence Aggregate Per Member
Automobile Liability	2,250,000	Per Occurrence
Automobile Medical Payment	5,000	Per Person
Uninsured Motorists	Per Statute	Per Occurrence
Underinsured Motorist	Per Statute	Per Occurrence
Personal Injury Protection	Per Statute	Per Occurrence
Public Officials' Liability	2,000,000 2,000,000	Per Occurrence Aggregate Per Member
<u>Officials' Bonds</u>		
Commissioners	10,000	Each
Sheriff, Deputy Sheriff, Sheriff Sec., Jailer	10,000	Each
Other Elected Officials and Employees	10,000	Each
County Treasurer	500,000	

Claims have not exceeded coverage in any of the last three calendar years.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 9 - PENSION PLAN

Local Governmental - Cost Sharing:

Plan Description:

Sanpete County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Sanpete County is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.09% to the Noncontributory and 19.08% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Sanpete County contributions to the various systems for the years ending December 31, 2004, 2003 and 2002 respectively were; for the Contributory System, \$63.88, \$2,798.93 and \$5,069.98; for the Noncontributory System, \$139,298.65, \$113,574.46 and \$111,243.78; and for the Public Safety Noncontributory, \$101,483.87, \$82,409.13 and \$82,215.01 respectively. The contributions were equal to the required contributions for each year.

SANPETE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 10 - INDIVIDUAL COMPONENT UNIT DISCLOSURES

Sanpete County has two component units that are governmental fund types and are described below:

Sanpete County Special Service District #1

The District's purpose is the improving of the County road system in Sanpete County.

Sanpete County Fire Special Service District:

The District was created for the purpose of the construction of improvements for fire control, public health, convenience and the necessity of providing fire protection to the residents of Sanpete County.

Condensed financial statements for each of the two discretely presented component units for the year year ended December 31, 2004, are as follows:

	Sanpete County Special Service District #1	Sanpete County Fire Special Service District	Total
Condensed Balance Sheets:			
Current Assets	<u>345,284</u>	<u>199,014</u>	<u>544,298</u>
Fund Equity	<u>345,284</u>	<u>199,014</u>	<u>544,298</u>
Condensed Statements of Revenues, Expenditures and Changes in Fund Balances:			
Revenues	553,366	193,195	746,561
Current Expenditures	(2,977)	(36,953)	(39,930)
Capital Outlay	(381,240)	(44,381)	(425,621)
Other Financing Sources	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	169,149	116,861	286,010
Fund Balance - Beginning of Year	<u>176,135</u>	<u>82,153</u>	<u>258,288</u>
Fund Balance - End of Year	<u>345,284</u>	<u>199,014</u>	<u>544,298</u>

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**SANPETE COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2004

Percentage of Lane-Miles in Good or Better Condition:

	<u>2004</u>
Paved	95
Gravel	65
Dirt (Native)	50
Bridges	76
Overall System	72

Percentage of Lane-Miles in Substandard Condition:

	<u>2004</u>
Paved	5
Gravel	35
Dirt (Native)	50
Bridges	24
Overall System	29

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2004</u>
Paved:	
Needed	384,000
Actual	400,000
Gravel:	
Needed	528,000
Actual	550,000
Dirt (Native):	
Needed	48,000
Actual	82,000
Overall System:	
Needed	960,000
Actual	<u>982,000</u>
Difference	<u>22,000</u>

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. Condition assessments are determined every year.

This schedule only presents the information for 2004. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2004, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>1,874,307</u>	<u>1,874,307</u>	<u>1,874,307</u>	<u>-</u>
Resources (Inflows):				
Property Taxes	1,376,747	1,521,747	1,629,413	107,666
Assessing and Collecting Taxes	500,000	500,000	495,462	(4,538)
Sales Taxes	878,515	878,515	926,086	47,571
Transient Room Tax	41,000	41,000	38,450	(2,550)
Restaurant Tax	90,000	90,000	80,512	(9,488)
Indigent Prison Fund	64,463	64,463	64,463	-
Library Fund	64,000	64,000	64,000	-
Licenses and Permits	399,500	399,500	380,954	(18,546)
Intergovernmental Revenue	1,315,667	1,324,070	1,138,004	(186,066)
Charges for Services	6,478,874	6,478,874	1,095,702	(5,383,172)
Fines and Forfeitures	275,500	275,500	294,515	19,015
Interest	12,000	12,000	11,119	(881)
Miscellaneous Revenue	<u>16,300</u>	<u>16,300</u>	<u>35,748</u>	<u>19,448</u>
Total Resources (Inflows)	<u>11,512,566</u>	<u>11,665,969</u>	<u>6,254,428</u>	<u>(5,411,541)</u>
Amounts Available for Appropriation	<u>13,386,873</u>	<u>13,540,276</u>	<u>8,128,735</u>	<u>(5,411,541)</u>
Charges to Appropriations (Outflows):				
General Government:				
Commission	191,436	145,114	115,140	29,974
District Court	163,476	163,476	163,476	-
J. P. Court	76,450	76,450	75,076	1,374
Juvenile SSBG	5,210	5,210	5,210	-
Sanity Hearing	6,000	6,000	4,521	1,479
Public Defender	95,000	95,000	85,495	9,505
Data Processing	94,034	97,371	97,371	-
Microfilm and Copy Machine	15,500	15,500	14,984	516
Department 4140	50,000	50,000	44,137	5,863
Audit	121,377	121,377	111,219	10,158
Clerk/Auditor	158,075	158,075	140,974	17,101
Treasurer	93,636	93,636	82,161	11,475
Recorder	226,182	226,182	205,879	20,303
Attorney	248,356	248,356	238,633	9,723
Assessor	265,235	265,235	255,340	9,895
Correction - Legal Help	64,463	64,463	64,463	-
Non-Departmental	271,610	271,610	270,359	1,251
General Government Buildings	207,523	269,683	195,208	74,475
Elections	57,300	65,703	58,658	7,045
Zoning/Grants, Etc.	<u>323,820</u>	<u>344,820</u>	<u>238,935</u>	<u>105,885</u>
Total General Government	<u>2,734,683</u>	<u>2,783,261</u>	<u>2,467,239</u>	<u>316,022</u>

Continued

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows) Continued:				
Public Safety:				
Sheriff	1,005,380	1,005,380	944,029	61,351
Communication	248,026	248,026	235,518	12,508
Liquor and Drug Enforcement	107,366	107,366	107,366	-
County Jail	420,226	462,294	462,294	-
Building Inspection	238,214	238,214	231,406	6,808
Bee Inspection and EMS Grants	1,000	1,000	-	1,000
Emergency Services	404,957	404,957	237,412	167,545
Total Public Safety	<u>2,425,169</u>	<u>2,467,237</u>	<u>2,218,025</u>	<u>249,212</u>
Public Health:				
Health Services	252,087	252,087	252,087	-
County Roads:				
County Roads	468,156	529,996	473,055	56,941
Orangeville Road	5,200,000	5,200,000	-	5,200,000
County Weeds	50,376	50,376	43,795	6,581
Total County Roads	<u>5,718,532</u>	<u>5,780,372</u>	<u>516,850</u>	<u>5,263,522</u>
Conservation and Economic Development:				
Library	91,406	92,323	92,323	-
Extension Services	66,160	66,160	56,292	9,868
County Fair and State Fair	22,247	22,247	22,247	-
Economic Development	101,762	101,762	84,476	17,286
Tourism	53,600	53,600	52,809	791
Transfers	46,920	46,920	6,251	40,669
Total Conservation and Economic Development	<u>382,095</u>	<u>383,012</u>	<u>314,398</u>	<u>68,614</u>
Total Charges to Appropriations	<u>11,512,566</u>	<u>11,665,969</u>	<u>5,768,599</u>	<u>5,897,370</u>
Budgetary Fund Balance - December 31	<u>1,874,307</u>	<u>1,874,307</u>	<u>2,360,136</u>	<u>485,829</u>

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	<u>810,000</u>	<u>832,731</u>	<u>832,731</u>	<u>-</u>
Amounts Available for Appropriation	<u>810,000</u>	<u>832,731</u>	<u>832,731</u>	<u>-</u>
Charges to Appropriations (Outflows):				
County Roads	<u>810,000</u>	<u>832,731</u>	<u>832,731</u>	<u>-</u>
Total Charges to Appropriations	<u>810,000</u>	<u>832,731</u>	<u>832,731</u>	<u>-</u>
Budgetary Fund Balance - December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
E-911 FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, January 1	<u>52,204</u>	<u>52,204</u>	<u>52,204</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	-	120,000	120,000	-
Miscellaneous	50,000	105,000	75,816	(29,184)
Transfer From General Fund	<u>46,919</u>	<u>46,919</u>	<u>6,251</u>	<u>(40,668)</u>
Amounts Available for Appropriation	<u>149,123</u>	<u>324,123</u>	<u>254,271</u>	<u>(69,852)</u>
Charges to Appropriations (Outflows):				
Telephone Expenses	<u>96,919</u>	<u>271,919</u>	<u>254,271</u>	<u>17,648</u>
Total Charges to Appropriations	<u>96,919</u>	<u>271,919</u>	<u>254,271</u>	<u>17,648</u>
Budgetary Fund Balance - December 31	<u><u>52,204</u></u>	<u><u>52,204</u></u>	<u><u>-</u></u>	<u><u>(52,204)</u></u>

**SANPETE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	<u>67,130</u>	<u>67,130</u>	<u>67,130</u>	<u>-</u>
Amounts Available for Appropriation	<u>67,130</u>	<u>67,130</u>	<u>67,130</u>	<u>-</u>
Charges to Appropriations (Outflows):				
Bond Principal	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Bond Interest	<u>34,130</u>	<u>34,130</u>	<u>34,130</u>	<u>-</u>
Total Charges to Appropriations	<u>67,130</u>	<u>67,130</u>	<u>67,130</u>	<u>-</u>
Budgetary Fund Balance - December 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

SANPETE COUNTY

NOTE A

**BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Year Ended December 31, 2004

Sources/Inflows and Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.

General Fund	Class B Road Fund	E-911 Fund	Municipal Building Authority	Capital Projects Fund
8,128,735	832,731	254,271	67,130	75,000

Differences - Budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.

(1,874,307)

-

-

45

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.

(6,251)

-

-

Bond proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes but are other financing sources.

-

-

-

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.

6,254,428

832,731

195,816

67,130

75,000

Uses/Outflows of Resources:

Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.

5,768,599

8,632,731

254,271

67,130

-

Differences - Budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.

(6,251)

-

-

-

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

5,762,348

8,632,731

254,271

67,130

-

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

(This page contains no information and
is used to assist in formatting, for easier reading)

SANPETE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL TRUST AND AGENCY FUNDS

For The Year Ended December 31, 2004

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
PROPERTY TAX FUND				
ASSETS				
Cash	2,902,102	10,397,136	11,549,930	1,749,308
Taxes Receivable	51,255	-	51,255	-
TOTAL ASSETS	2,953,357	10,397,136	11,601,185	1,749,308
LIABILITIES				
Due to Taxing Units	2,425,712	10,349,686	11,121,691	1,653,707
Collections Payable	146,696	60,280	111,375	95,601
TOTAL LIABILITIES	2,572,408	10,409,966	11,233,066	1,749,308
DISTRICT COURT TRUST FUND				
ASSETS				
Cash	130,381	94,310	150,555	74,136
LIABILITIES				
Collections Payable	130,381	94,310	150,555	74,136
JUSTICE COURT TRUST FUND				
ASSETS				
Cash	17,781	300,361	296,040	22,102
LIABILITIES				
Collections Payable	17,781	300,361	296,040	22,102
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	3,050,264	10,791,807	11,996,525	1,845,546
Taxes Receivable	51,255	-	51,255	-
TOTAL ASSETS	3,101,519	10,791,807	12,047,780	1,845,546
LIABILITIES				
Due to Taxing Units	2,425,712	10,349,686	11,121,691	1,653,707
Collections Payable	294,858	454,951	557,970	191,839
TOTAL LIABILITIES	2,720,570	10,804,637	11,679,661	1,845,546

**SANPETE COUNTY
TREASURER'S TAX COLLECTION TRUST FUND
BALANCE SHEET**

December 31, 2004

ASSETS:

Cash In Investment Accounts	<u>1,749,308</u>
TOTAL ASSETS	<u><u>1,749,308</u></u>

LIABILITIES:

Collections Payable	95,601
Due to Taxing Units	<u>1,653,707</u>
TOTAL LIABILITIES	<u><u>1,749,308</u></u>

**SANPETE COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES**

December 31, 2004

TAXING UNITS

County Funds:

General
State Assessing/Collecting
Local Assessing/Collecting

Total County Funds

School Districts:

North Sanpete School Dist.
South Sanpete School Dist.

Total School Districts

Cities and Towns:

Centerfield
Ephraim
Ephraim - Redevelopment
Fairview
Fayette
Fountain Green
Gunnison
Manti
Mayfield
Moroni
Mt. Pleasant
Mt. Pleasant - Redevelopment
Spring City
Sterling
Wales

Total Cities and Towns

Special Taxing Units:

Water Conservancy District
Central Utah Water District
Indian Ridge Water Conserv.
Sports Haven Water Conserv.

Total Special Taxing Units

GRAND TOTALS

	Real Property Values	Centrally Assessed Values	Total Assessed RDA Values	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
County Funds:										
General	680,955,255	53,989,400	(4,146,513)	730,798,142	.002200	1,607,756	31,944,499	.001265	40,410	1,648,166
State Assessing/Collecting	680,955,255	53,989,400	(4,146,513)	730,798,142	.000180	131,544	31,944,499	.000181	5,782	137,326
Local Assessing/Collecting	680,955,255	53,989,400	(4,146,513)	730,798,142	.000051	37,271	31,944,499	.000052	1,661	38,932
Total County Funds						<u>1,776,570</u>			<u>47,853</u>	<u>1,824,423</u>
School Districts:										
North Sanpete School Dist.	371,749,239	29,262,835	(2,288,330)	398,723,744	.006546	2,610,046	17,810,826	.006425	114,435	2,724,480
South Sanpete School Dist.	309,206,016	24,726,565	(1,858,183)	332,074,398	.008104	2,691,131	14,133,673	.008104	114,539	2,805,670
Total School Districts						<u>5,301,177</u>			<u>228,974</u>	<u>5,530,150</u>
Cities and Towns:										
Centerfield	24,411,241	1,017,525	-	25,428,766	.000757	19,250	1,406,474	.000830	1,167	20,417
Ephraim	92,461,158	2,769,253	(1,858,183)	93,372,228	.002230	208,220	5,785,116	.002245	12,988	221,208
Ephraim - Redevelopment	-	-	1,858,183	1,858,183	-	25,000	-	-	-	25,000
Fairview	27,341,450	3,512,850	-	30,854,300	.001575	48,596	843,924	.001607	1,356	49,952
Fayette	5,682,980	103,245	-	5,786,225	.000783	4,531	164,888	.000843	139	4,670
Fountain Green	21,957,053	889,380	-	22,846,433	.001632	37,285	304,184	.001632	496	37,782
Gunnison	43,749,125	4,068,910	-	47,818,035	.001601	76,557	2,618,068	.001637	4,286	80,842
Manti	66,557,170	3,418,190	-	69,975,360	.001751	122,527	2,469,905	.001757	4,340	126,866
Mayfield	13,283,770	289,955	-	13,573,725	.000858	11,646	97,541	.000899	88	11,734
Moroni	25,873,951	1,403,535	-	27,277,486	.003494	95,308	1,405,281	.003702	5,202	100,510
Mt. Pleasant	62,330,652	3,446,140	(2,288,330)	63,488,462	.002570	163,165	2,693,242	.002639	7,107	170,273
Mt. Pleasant - Redevelopment	-	-	2,288,330	2,288,330	-	28,000	-	-	-	28,000
Spring City	22,548,852	286,130	-	22,834,982	.001874	42,793	299,692	.001872	561	43,354
Sterling	5,325,425	679,815	-	6,005,240	.001050	6,306	43,641	.001083	47	6,353
Wales	5,685,945	222,605	-	5,908,550	.000498	2,942	177,914	.000483	86	3,028
Total Cities and Towns						<u>892,125</u>			<u>37,864</u>	<u>929,988</u>
Special Taxing Units:										
Water Conservancy District	680,955,255	53,989,400	(4,146,513)	730,798,142	.000336	245,548	31,944,499	.000343	10,957	256,505
Central Utah Water District	680,955,255	53,989,400	(4,146,513)	730,798,142	.000353	257,972	31,944,499	.000358	11,436	269,408
Indian Ridge Water Conserv.	4,912,200	-	-	4,912,200	-	-	-	-	-	-
Sports Haven Water Conserv.	10,349,030	-	-	10,349,030	-	-	-	-	-	-
Total Special Taxing Units						<u>503,520</u>			<u>22,393</u>	<u>525,913</u>
GRAND TOTALS						<u>8,473,391</u>			<u>337,083</u>	<u>8,810,475</u>

**SANPETE COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2004

Current Years Taxes

TAXING UNITS	Taxes Charged	Treasurer's Relief			
		Unpaid Taxes	Abatements	Other	Total
County Funds:					
General	1,648,166	146,721	17,336	(16,694)	147,363
Assessing & Collecting - State	137,326	12,004	1,418	(1,287)	12,135
Assessing & Collecting-County	<u>38,932</u>	<u>3,401</u>	<u>402</u>	<u>(364)</u>	<u>3,439</u>
Total County Funds	<u>1,824,424</u>	<u>162,126</u>	<u>19,156</u>	<u>(18,345)</u>	<u>162,937</u>
School Districts:					
North Sanpete School District	2,724,480	279,084	23,785	(36,073)	266,796
South Sanpete School District	<u>2,805,670</u>	<u>200,846</u>	<u>34,411</u>	<u>(19,276)</u>	<u>215,981</u>
Total School Districts	<u>5,530,150</u>	<u>479,930</u>	<u>58,196</u>	<u>(55,349)</u>	<u>482,777</u>
Towns:					
Centerfield	20,417	1,689	237	(26)	1,900
Ephraim	221,208	14,753	2,196	(10,916)	6,033
Ephraim - Redevelopment District	25,000	-	-	-	-
Fairview	49,952	2,693	573	(79)	3,187
Fayette	4,670	214	45	(2)	257
Fountain Green	37,782	2,643	385	(16)	3,012
Gunnison	80,842	6,981	1,213	1,215	9,409
Manti	126,866	8,782	2,904	407	12,093
Mayfield	11,734	618	46	(84)	580
Moroni	100,510	6,745	1,910	93	8,748
Mt. Pleasant	170,273	17,499	3,543	(12,264)	8,778
Mt. Pleasant - Redevelopment District	28,000	-	-	-	-
Spring City	43,354	3,054	441	(520)	2,975
Sterling	6,353	499	121	(40)	580
Wales	<u>3,028</u>	<u>334</u>	<u>29</u>	<u>(2)</u>	<u>361</u>
Total Towns	<u>929,989</u>	<u>66,504</u>	<u>13,643</u>	<u>(22,234)</u>	<u>57,913</u>
Other:					
Sanpete Water Conservancy District	256,505	22,408	2,648	(2,399)	22,657
Central Ut. Water Conservancy District	<u>269,408</u>	<u>23,542</u>	<u>2,782</u>	<u>(2,523)</u>	<u>23,801</u>
Total Other	<u>525,913</u>	<u>45,950</u>	<u>5,430</u>	<u>(4,922)</u>	<u>46,458</u>
GRAND TOTALS	<u>8,810,476</u>	<u>754,510</u>	<u>96,425</u>	<u>(100,850)</u>	<u>750,085</u>

Current Years Taxes		Other Collections				
Taxes Collected	Rate	Fee In Lieu	Misc. Collections	Delinquencies		Total Apportioned
				Tax	Interest/ Penalty	
1,500,803	91.06%	174,389	6,690	83,815	5,036	1,770,733
125,191	91.16%	24,952	992	12,098	755	163,988
35,493	91.17%	7,169	287	4,213	336	47,498
<u>1,661,487</u>	<u>91.07%</u>	<u>206,510</u>	<u>7,969</u>	<u>100,126</u>	<u>6,127</u>	<u>1,982,219</u>
2,457,684	90.21%	466,484	18,874	225,087	14,186	3,182,315
2,589,689	92.30%	528,807	20,770	228,103	11,961	3,379,330
<u>5,047,373</u>	<u>91.27%</u>	<u>995,291</u>	<u>39,644</u>	<u>453,190</u>	<u>26,147</u>	<u>6,561,645</u>
18,517	90.69%	6,481	146	2,261	129	27,534
215,175	97.27%	39,206	1,663	11,567	535	268,146
25,000	100.00%	-	-	-	-	25,000
46,765	93.62%	18,948	388	2,026	55	68,182
4,413	94.50%	1,691	36	253	4	6,397
34,770	92.03%	10,875	275	3,932	244	50,096
71,433	88.36%	19,040	593	9,745	357	101,168
114,773	90.47%	29,106	931	7,087	335	152,232
11,154	95.06%	4,168	84	636	18	16,060
91,762	91.30%	30,481	733	9,292	523	132,791
161,495	94.84%	49,760	1,282	15,451	850	228,838
28,000	100.00%	-	-	-	-	28,000
40,379	93.14%	12,866	321	4,993	374	58,933
5,773	90.87%	2,693	46	488	24	9,024
2,667	88.08%	1,267	20	53	22	4,029
<u>872,076</u>	<u>93.77%</u>	<u>226,582</u>	<u>6,518</u>	<u>67,784</u>	<u>3,470</u>	<u>1,176,430</u>
233,848	91.17%	47,285	1,885	22,896	1,397	307,311
245,607	91.17%	49,353	1,965	23,714	1,442	322,081
<u>479,455</u>	<u>91.17%</u>	<u>96,638</u>	<u>3,850</u>	<u>46,610</u>	<u>2,839</u>	<u>629,392</u>
<u>8,060,391</u>	<u>91.49%</u>	<u>1,525,021</u>	<u>57,981</u>	<u>667,710</u>	<u>38,583</u>	<u>10,349,686</u>

**SANPETE COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2004

	Treasurer's Balance December 31, 2003	Tax Collection Receipts	Current Taxes Apportioned
Tax Collection Accounts:			
Current Years Taxes	-	7,998,477	(7,998,477)
Fee-In-Lieu	-	1,525,021	-
Redemption of Prior Years Taxes	-	706,293	-
Motor Carrier	-	57,981	-
Prepayments	61,914	54,503	(61,914)
Refunds	4,672	18,601	-
May Tax Sale	27,531	26,548	-
Interest	1,324	9,712	-
Forest Reserve	51,255	-	-
	<u>146,696</u>	<u>10,397,136</u>	<u>(8,060,391)</u>
Total Collections			
	<u>146,696</u>	<u>10,397,136</u>	<u>(8,060,391)</u>
Taxing Units			
County General Fund:			
General	-	-	1,500,803
Assessing & Collecting - State	-	-	125,191
Assessing & Collecting-County	-	-	35,493
Schools:			
North Sanpete School District	1,024,647	-	2,457,684
South Sanpete School District	1,188,661	-	2,589,689
Cities and Towns:			
Centerfield	8,118	-	18,517
Ephraim	81,978	-	215,175
Ephraim - Redevelopment Dist.	23,644	-	25,000
Fairview	19,981	-	46,765
Fayette	2,214	-	4,413
Fountain Green	14,156	-	34,770
Gunnison	29,748	-	71,433
Manti	54,875	-	114,773
Mayfield	4,002	-	11,154
Moroni	42,197	-	91,762
Mt. Pleasant	53,529	-	161,495
Mt. Pleasant - Redevelopment Dist	23,910	-	28,000
Spring City	15,611	-	40,379
Sterling	2,282	-	5,773
Wales	1,080	-	2,667
Other Districts:			
Sanpete Water Conserv. Dist.	105,803	-	233,848
Central Utah Water Conserv. Dist.	110,225	-	245,607
	<u>2,806,661</u>	<u>-</u>	<u>8,060,391</u>
Total Due Taxing Units			
	<u>2,806,661</u>	<u>-</u>	<u>8,060,391</u>
GRAND TOTALS	<u>2,953,357</u>	<u>10,397,136</u>	<u>-</u>

<u>Fee-In-Lieu Apportioned</u>	<u>UPP and Miscellaneous Collections</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2004</u>
-	-	-	-	-	-
(1,525,021)	-	-	-	-	-
-	-	(706,293)	-	-	-
-	(57,981)	-	-	-	-
-	-	-	54,503	-	54,503
-	-	-	23,273	20,022	3,251
-	-	-	54,079	25,944	28,135
-	-	-	11,036	1,324	9,712
-	-	-	51,255	51,255	-
<u>(1,525,021)</u>	<u>(57,981)</u>	<u>(706,293)</u>	<u>194,146</u>	<u>98,545</u>	<u>95,601</u>
174,389	6,690	88,851	1,770,733	1,770,733	-
24,952	992	12,853	163,988	163,988	-
7,169	287	4,549	47,498	47,498	-
466,484	18,874	239,273	4,206,962	3,552,877	654,085
528,807	20,770	240,064	4,567,991	3,932,225	635,766
6,481	146	2,390	35,652	31,863	3,789
39,206	1,663	12,102	350,124	301,479	48,645
-	-	-	48,644	23,644	25,000
18,948	388	2,081	88,163	75,556	12,607
1,691	36	257	8,611	7,579	1,032
10,875	275	4,176	64,252	57,805	6,447
19,040	593	10,102	130,916	110,917	19,999
29,106	931	7,422	207,107	183,561	23,546
4,168	84	654	20,062	17,983	2,079
30,481	733	9,815	174,988	151,033	23,955
49,760	1,282	16,301	282,367	248,516	33,851
-	-	-	51,910	23,910	28,000
12,866	321	5,367	74,544	65,241	9,303
2,693	46	512	11,306	9,848	1,458
1,267	20	75	5,109	4,492	617
47,285	1,885	24,293	413,114	352,841	60,273
49,353	1,965	25,156	432,306	369,051	63,255
<u>1,525,021</u>	<u>57,981</u>	<u>706,293</u>	<u>13,156,347</u>	<u>11,502,640</u>	<u>1,653,707</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,350,493</u>	<u>11,601,185</u>	<u>1,749,308</u>

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is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sanpete County as and for the year ended December 31, 2004, which collectively comprise Sanpete County's basic financial statements and have issued our report thereon dated May 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanpete County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

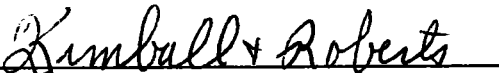
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanpete County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Sanpete County in a separate letter dated May 27, 2005.

The Honorable Board of County Commissioners
Sanpete County
Page -2-

This report is intended solely for the information and use of the audit committee, management, County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 27, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

We have audited the basic financial statements of Sanpete County, for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005. As part of our audit, we have audited Sanpete County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sanpete County's financial statements.)

State PILT (Department of Natural Resources)
Bookmobile Grant (Department of Community and Economic Development)
LEDI Grant (Department of Community and Economic Development)
Trapper Grant (Department of Agriculture)
Fire Station Grant - CDBG (Department of Community and Economic Development)
Economic Development (Department of Community and Economic Development)
Cert Grant (Department of Public Safety)
All Hazards Grant (Department of Public Safety)
Drug Investigation Grant (Department of Public Safety)
Highway Safety Grant (Department of Transportation)
Mosquito Abatement Grant (Department of Agriculture)
ADA Grant (Department of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements


The management of Sanpete County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

The Honorable Board of County Commissioners
Sanpete County
Page -2-

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Sanpete County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2004.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 27, 2005
Richfield, Utah

SANPETE COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2004

Kimball & Roberts

*Certified Public Accountants
A Professional Corporation*

*Box 663
Richfield, Utah 84701
Phone 896-6488*

June 2, 2004

The Honorable Board of County Commissioners
Sanpete County
Manti, Utah 84642

During our audit of the funds of Sanpete County for the year ended December 31, 2004, we noted a few areas needing corrective action in order for the County to be in compliance with state laws and regulations. We also found a few circumstances that, if improved, would strengthen the County's accounting system and control over its assets. These items are discussed below for your consideration.

COMPLIANCE:

Cash Management

Utah Code 51-4-2(2) requires all public funds to be deposited daily, whenever practicable, but no later than three business days after receipt.

Finding:

During our tests of compliance for cash receipts we noted that the receipts in the Treasurer's office are not always made within three days of receipt

Recommendation:

We recommend that deposits be made daily, whenever practicable, but not later than three business days after original receipt.

Response:

The finding above was discussed with Sanpete County officials and they concur with the recommendation.

Justice Court

Finding:

During our audit we noted that nine of the twelve monthly reports to the State with the applicable funds due were not sent to the State by the 10th of the month following the collection of the funds.

Recommendation:

We recommend that the Justice Court, having funds due to the State or any political subdivision, should on or before the 10th day of the month, pay all funds received within the preceding month to the appropriate public treasurer.

Response:

The finding above was discussed with Sanpete County officials and they concur with the recommendation.

We would like to take this opportunity to thank Sanpete County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl